A Better Tomorrow driving Shareholder Returns

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Important Information

Forward-looking Statements (continued)

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Revision

For presentation purposes within this presentation, all prior periods have been revised to be consistent with the current reporting structure. All of the information in this presentation is in respect to continuing operations, revised for the fully retrospective adoption of IFRS 15.

A Better Tomorrow driving Shareholder Returns

OUR MISSION

HOW TO WIN

OUR PURPOSE

A BETTER TOMORROW™

KEY STAKEHOLDER OUTCOMES

Consumers

Society

Employees

Shareholders

ETHOS

A Better Tomorrow driving Shareholder Returns

We are delivering our Financial Results

Creating the space to invest with continued resilience

Strong Cashflow

Sustainable Shareholder Returns

Resilient in the COVID-19 environment

China

- Immaterial sales in China
- New Categories Supply Chain partially disrupted in Feb
- Normal operations resumed from early March

New Categories

- Out of Stocks in a few geographies
- Postponement of some New Category launches
- Current activation disruption

Combustibles

- Conventional Supply Chain performing as normal
- Early impact of demand reduction in duty free (<1%* of Group revenue)
- No material impact on FMC volumes as yet

** Duty Free Revenue was less than 1% of Group Revenue in FY19*

Response Plan and Implications

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People

- Health of our people is paramount
- Crisis Management and Business Continuity Plans (BCP) activated and monitored on a day by day basis
- Remote/split working and travel ban in place

Supply Chain

- Building stocks (primary and secondary)
- Supporting distribution: BCP in action for Trade Marketing and Distribution

Cash

- Ongoing ability to generate cash
- Renewal of £6bn Revolving Credit Facility (RCF) as backstop
- Continuous resource allocation
- Tighter cash control measures

Group

- Maintaining our FY20 guidance, with results skewed towards H2
- New Category revenue impacted despite underlying strong performance
- Continue to monitor developments globally

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Consistently Delivering in a Dynamic Environment

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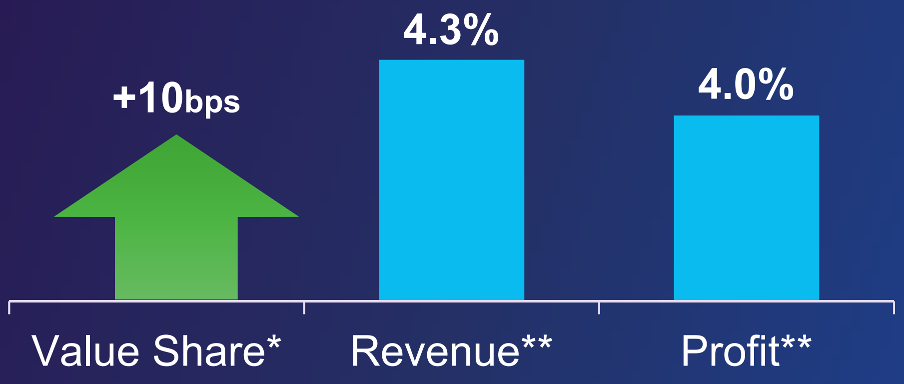
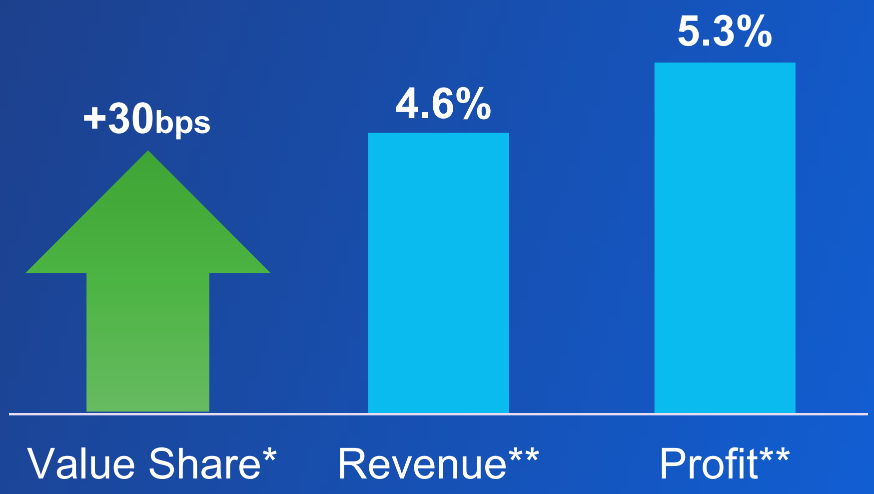
2014-2017

Average Annual Growth



2017-2019

Average Annual Growth



Delivering High Single Figure EPS Growth~ and establishing £1.2bn^ New Categories

^2019 New Category Revenue @ Constant Rates. See Appendix A2

~ Adjusted Diluted EPS on a constant rate basis

** Adjusted Revenue and Profit from Operations on a constant rate basis. See Appendix A1 & A2

*Off-take share in key markets measured by independent agencies, shipment share where unavailable

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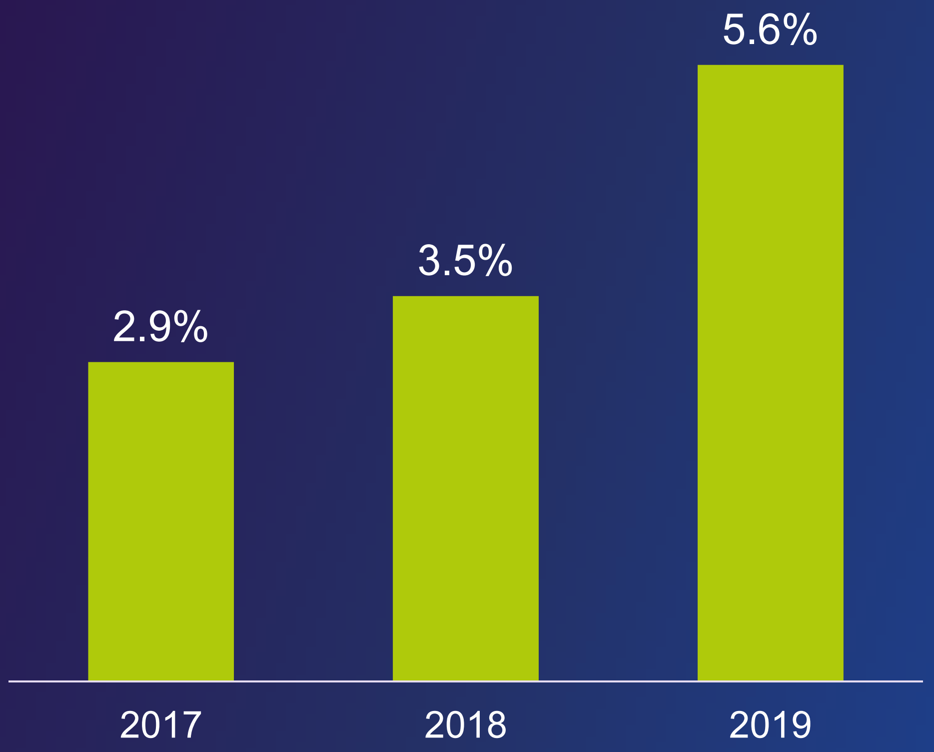
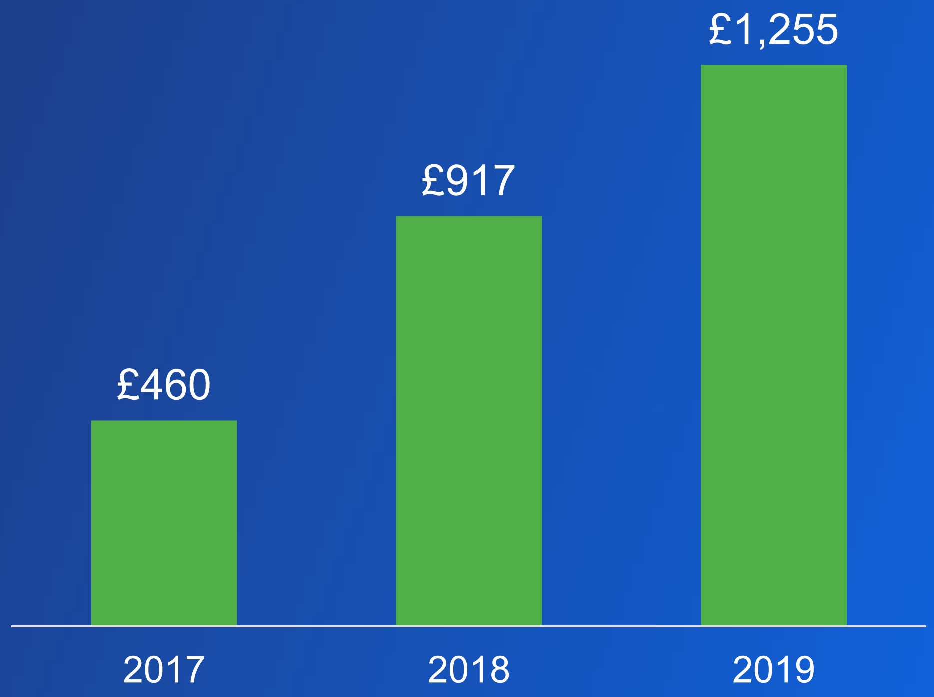
Revenue Growth Expansion from both Combustibles and New Categories

Revenue Growth*



Increasing Volume and Value Share more than **90bps L3Y**

New Categories Revenue
(£ in millions)



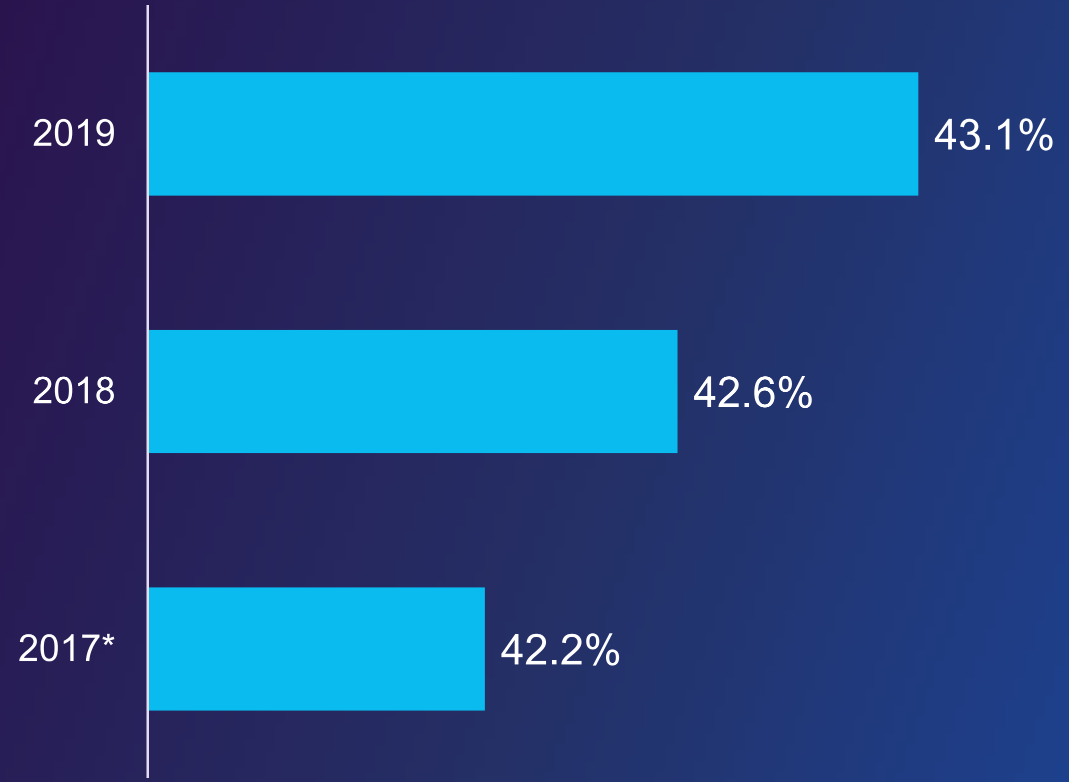
Increasing close to **3X** with growth in all categories **L3Y**

** Adjusted, constant rate basis. 2017 Organic, 2018 representative. See Appendix A1, A2, A5 and A6.*

Reported revenue. 2017 stated on representative basis. See Appendix A6.

Operating Margin Continues to Expand Through Value Growth and Cost Control

Adjusted Operating Margin



- Strong price-mix performance
- ~£500m annualised P&L savings enabled by OneSAP and Target Operating Model
- $400m annualised synergies from RAI acquisition
- >1000 Product Cost initiatives each year

*Representative basis

Balancing delivery with investment for the future

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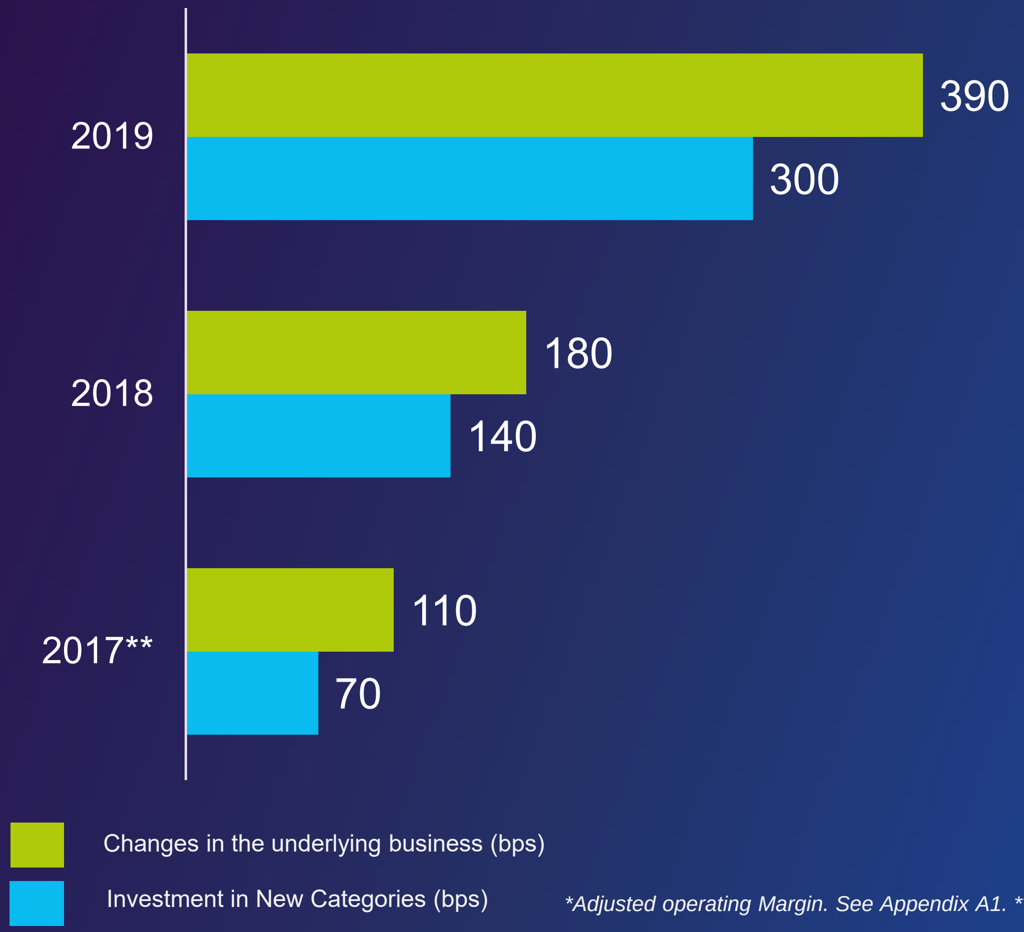
Delivering Margin growth* alongside Investment

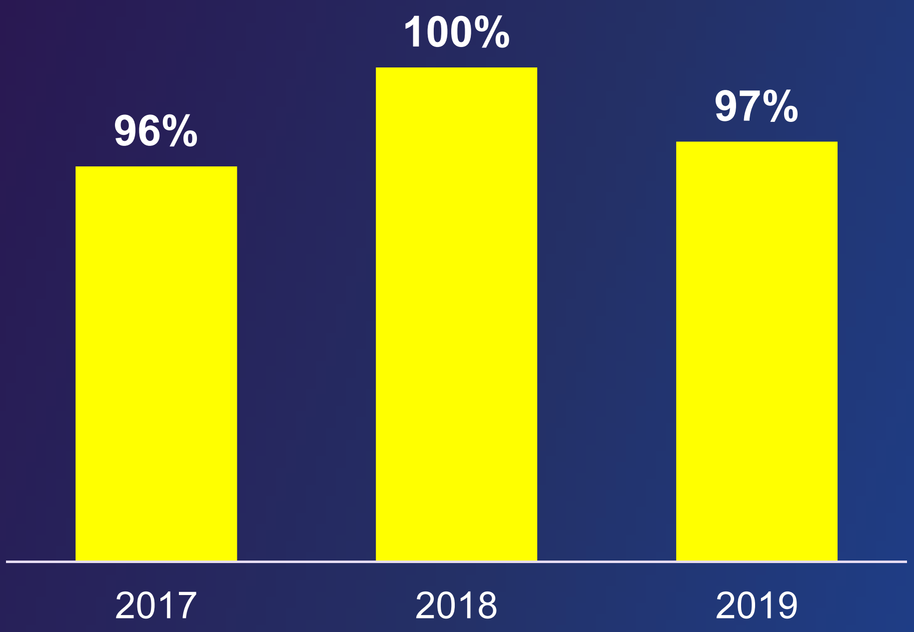


- Funding a superior **Multi-Category Portfolio**
- Investing in **Capabilities** and **Brand Building**
- **Digital Transformation** enabled by automation, technology, robotics and AI
- **Science, R&D** and new Corporate Ventures to lead

*Adjusted operating Margin. See Appendix A1. ** Organic basis. See Appendix A6.*

Sustained Strong Cash Generation

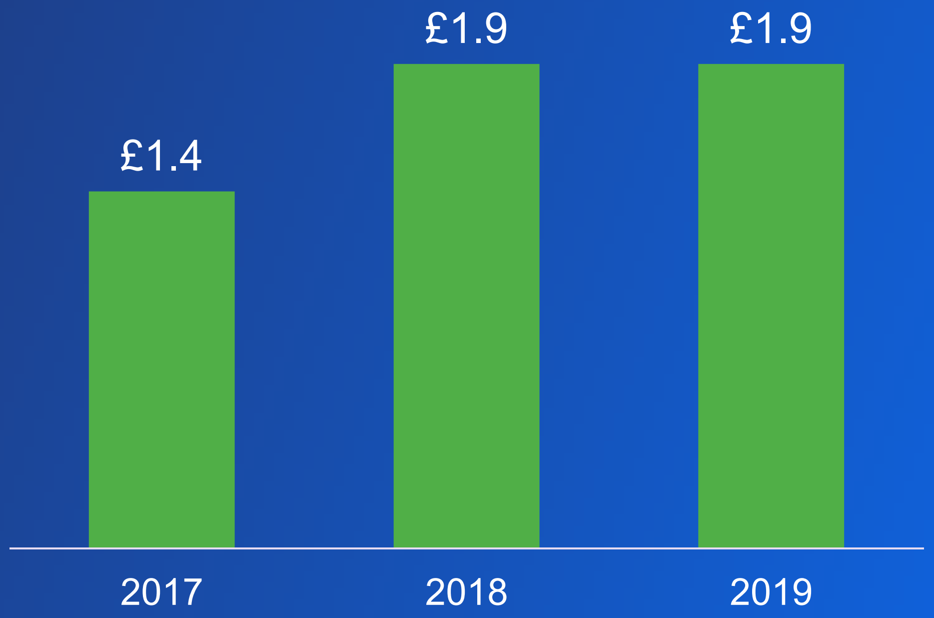
Operating Cash Flow Conversion (Normalised*)



Steady cash generation lead by growth in **Combustibles**

Free Cash Flow After Dividends (Normalised*)

(£ in billions)

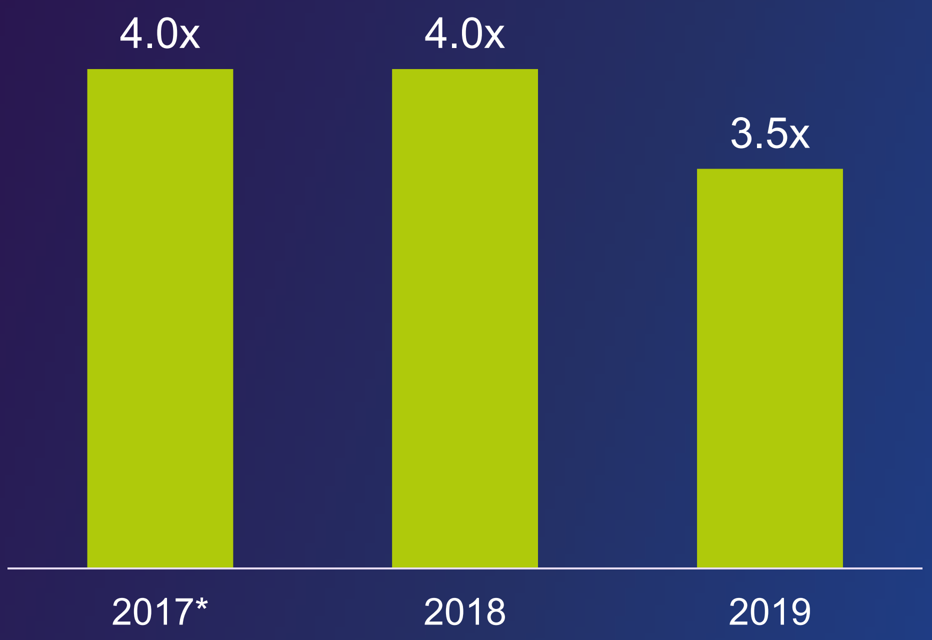


Strong cash generation supports **continued** shareholder returns

**2017 and 2018 adjusted for timing of MSA payments*

Debt Deleveraging Remains a Top Priority

Adjusted Net Debt to Adjusted EBITDA

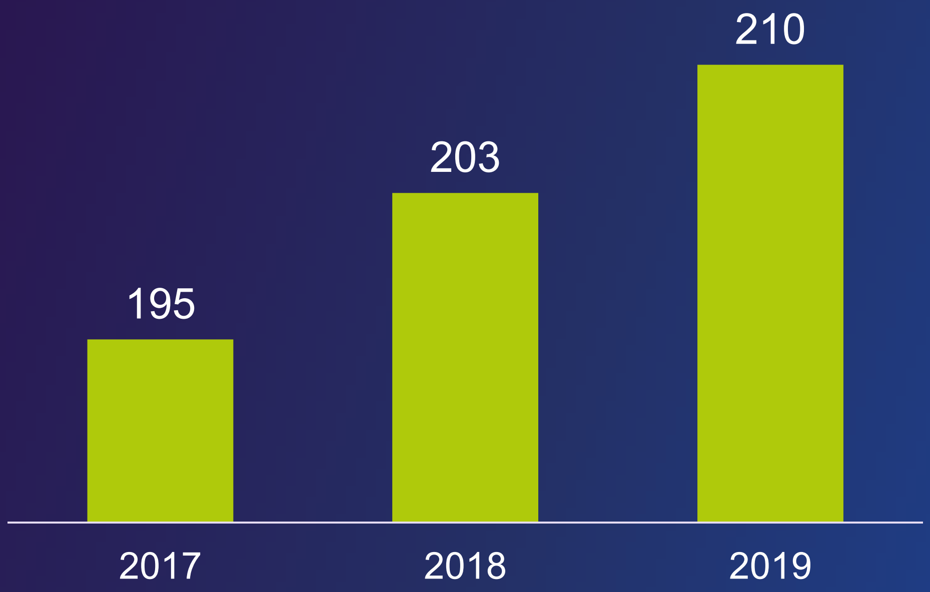


- **0.4x @ const FX** over the last years
- Driven by **strong earnings and cash generation**
- **Cash discipline**

**Representative basis for full year contribution from RAI*

Committed to Dividend Policy and Growth

Dividends Per Share (pence)



- **>20 years** of continuous dividend increases
- **11%** CAGR of **dividend growth** over the last 15 years
- **c. 10%** average **earnings growth** over the last 15 years
- Committed to maintaining **65% payout ratio with growth in Sterling terms**

Space to invest through our Financial Focus Areas

As we build A Better Tomorrow, we will be focused on three areas

Releasing funds to support growth agenda

Maximising marketing spend effectiveness

Generating cash to continue to deleverage the balance sheet

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Our Financial Focus Areas

Releasing funds to support growth agenda

£1bn

- Efficiencies identified 2020-2022
- Supporting investment and continued delivery
- QUANTUM

QUANTUM
Phase 1

Organisation Structure for Speed, Efficiency & Effectiveness

- Clear Accountabilities
- Designed around the Outcome
- Reduced Layers
- Fit for Purpose Location

- 40%
Lean HQ Focused on Strategy

- 50%
Reduced Regional Layer

2,300
Headcount Reduction

28 to 18
Lean & Empowered DRBU*

*DRBU: Direct Reporting Business Unit

Our Financial Focus Areas

Releasing funds to support growth agenda

£1bn

- Efficiencies identified 2020-2022
- QUANTUM Phase 1
  - £300m savings expected in 2020
- QUANTUM Phase 2
  - Drive Operational Efficiency
  - Route to Market focus
  - Supply Chain Productivity

Our Financial Focus Areas

Maximising marketing spend effectiveness

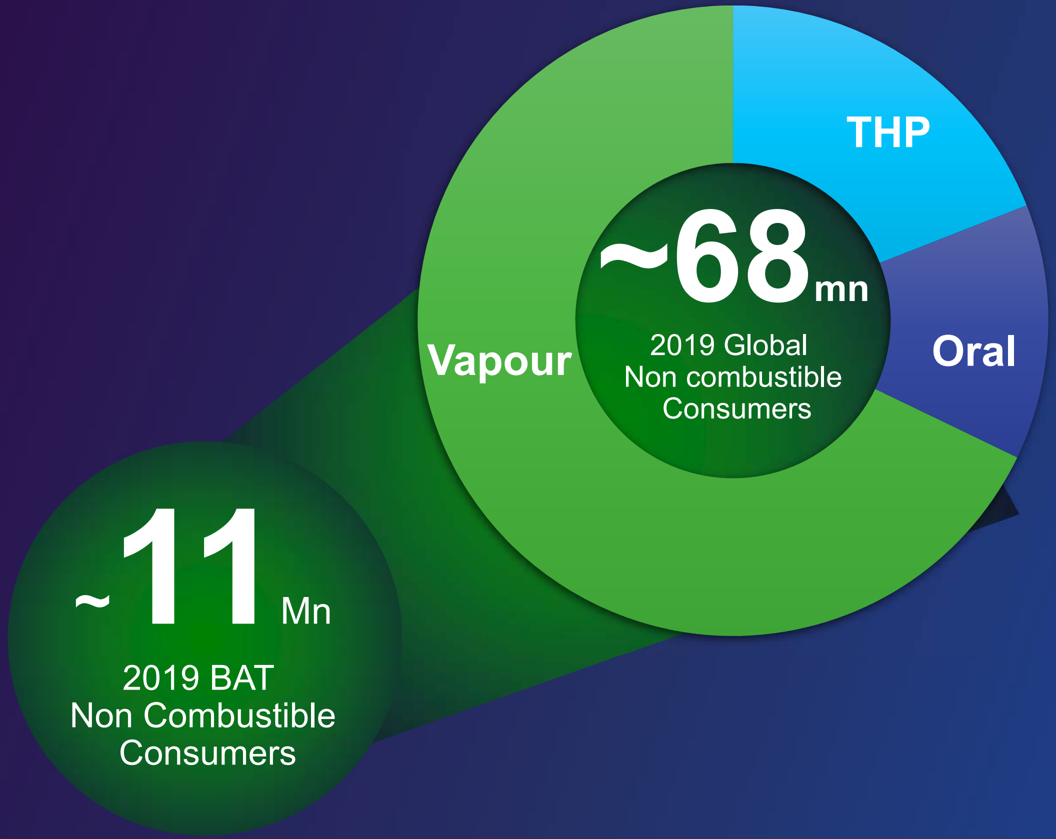
- Investing in New Categories for **superior returns**
- **Resource Allocation** through portfolio and market focus
- Automation and Advanced **Analytics**
- **Disciplined approach** to further portfolio development beyond nicotine

Our Financial Focus Areas

Generating cash to continue to deleverage the balance sheet

- Working Capital Discipline
- Capex below Depreciation
- New partnerships through Corporate Venturing
- Leverage below 3x by 2021

Significant Multi-Category Consumer Pool



Existing BAT Cross-Category Capabilities:

- Track record in creating Global Brands
- Excellent capabilites in Distribution
- Heavily investing in Science & IP
- Operating in a Regulated Environment

… and Contestable Space

Source: Incidence Study & BAT internal estimates

Pathway to Sustainable Profitability

	2019 Gross Margin*	Category Trend	Challenges/opportunities
THP	glo 78%	GM% Headwinds	Excise increases Tobacco regulation Cost of Sales reductions
MODERN ORAL	VELO 70%	GM% Building	High existing margins Cost of Sales reductions Scale
VAPOUR	40%	GM% Tailwinds	Shift to Closed Systems Growing organised retail and e-commerce Stronger brands, Cost of Sales reductions, scale

* 2019 overall Group GM / NTO by Category @2019 Rates, consumables only. FMC = 67%

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Committed to High Single Figure EPS* Growth

Adjusted Diluted EPS	High Single Figure growth*
Dividend Per Share	65% of adjusted earnings with growth in Sterling terms
Leverage	<3.0x by end 2021 1.5x-2.5x long term corridor

Underpinned by…

Net Revenue	+3% to +5% growth** per annum
Adj Operating Margin	Increasing over time

** Adjusted diluted earnings per share at constant rates. ** Adjusted constant rate basis. See Appendix A1-A2.*

Appendix

A1: Adjusting (Adj.): Adjusting items are significant items of certain financial measures which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying adjusting items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. The Group believes that these additional measures, which are used internally, are useful to users of the financial information in helping them understand the underlying business performance.

A2: Constant currency
Movements in foreign exchange rates have impacted the Group's financial results. Measures are calculated based on a retranslation, at prior year's exchange rates, of the current year's results of the Group and where, applicable, its segments. Although the Group does not believe that these measures are a substitute for IFRS measures, the Group management board does believe that such results excluding the impact of currency fluctuations year on year provide additional useful information to investors regarding the Group's operating performance on a local currency basis.

A3: Share metrics
Volume share: The number of units bought by consumers of a specific brand or combination of brands, as a proportion of the total units bought by consumers in the industry, category or other sub-categorisation. Sub categories include, but are not limited to, the total nicotine category, modern oral, vapour, traditional oral or cigarette.
Value share: The retail sales value of the product sold as a proportion of total retail sales value in that category.
Premium share: The retail sales volume of the premium product sold as a proportion of total retail sales volume of premium products in that category.
Nicotine share: The retail sales volume of the nicotine product sold as a proportion of total nicotine product volume in that category.

A4: Price/Mix
The term given to explain the combining impact of revenue drivers on a constant currency basis, excluding volume and keeping all other factors equal.

A5: Representative basis: Where appropriate, the Group is also presenting (as a supplement to the results) the 2018 performance against 2017 as though the Group had owned the acquisitions made in 2017 for the whole of that year. Comparison of results on this basis are termed "on a representative basis" and provide shareholders with a results comparison representative of the position as if the Group had owned the acquisitions throughout 2017 and 2018

A6: Organic basis: Where measures are presented as 'organic' or 'org', they are presented before the impact of the contribution of brands and businesses acquired during the comparator period, including Reynolds American, Bulgartabac, Winnington and Fabrika Duhana Sarajevo in 2017. There were no material acquisitions or disposals in 2018 or 2019.